

Treasury International Programs

Program Summary by Appropriations Account

(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006
Appropriation	Enacted	Enacted	President's Budget
International Financial Institutions	\$1,477,481	\$1,219,199	\$1,335,329
Global Environment Facility	\$138,418	\$106,640	\$107,500
International Development Association	\$907,812	\$843,200	\$950,000
Multilateral Investment Guarantee Agency	\$1,117	\$0	\$1,742
Asian Development Fund	\$143,569	\$99,200	\$115,250
African Development Fund	\$112,060	\$105,152	\$135,700
African Development Bank	\$5,075	\$4,067	\$5,638
European Bank for Reconstruction and Development	\$35,222	\$35,148	\$1,016
Inter-American Development Bank - Multilateral Investment Fund	\$24,853	\$10,912	\$1,742
Inter-American Investment Corporation	\$0	\$0	\$1,742
International Fund for Agricultural Development	\$14,916	\$14,880	\$15,000
Arrears	(\$97,457)	(\$10,912)	(\$6,570)
Treasury Technical Assistance	\$18,888	\$18,848	\$20,000
Debt Restructuring	\$94,440	\$99,200	\$99,750
Total Program Level	\$1,590,809	\$1,337,247	\$1,455,079

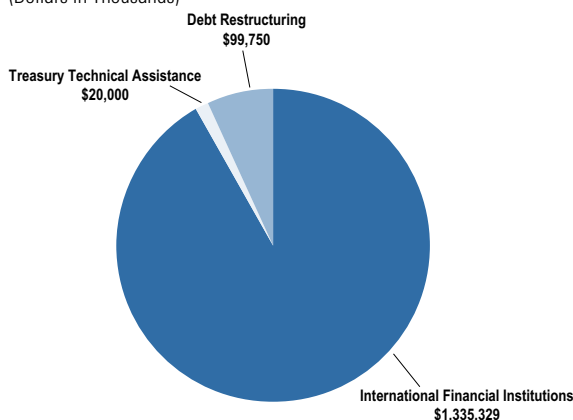
Explanation of Request

The request for the Department of the Treasury's International Assistance Programs can be divided into three categories: International Financial Institutions (IFIs); International Affairs Technical Assistance, and Debt Restructuring.

The FY 2006 request for U.S. contributions to the IFIs includes \$1,335,329,000 for scheduled annual commitments and \$6,570,000 to clear a portion of outstanding U.S. arrears, which currently total \$687.04 million. The request for International Affairs Technical Assistance is \$20,000,000. The request for Debt Restructuring is \$99,750,000 for bilateral debt reduction to Heavily Indebted Poor Countries (HIPC), contributions to the HIPC Trust Fund, and Tropical Forest Conservation Act (TFCA) debt reduction programs. The total FY 2006 request for Treasury's International

International Program Funding by Account

(Dollars in Thousands)



Assistance Programs is \$1,455,079,000.

Purpose of Program

International Financial Institutions (IFIs) provide loans, grants and investments in developing and transition economies and private sector enterprises in countries where risks are too high for private financing alone and where leverage is needed to encourage private financing. Bank policies and assistance programs reflect U.S. priorities in promoting growth, increasing productivity, and

reducing poverty in developing countries.

International Affairs Technical Assistance provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement.

Debt Restructuring for the poorest countries provides an incentive to implement macro-economic and structural reforms necessary for economic growth and also frees up resources for poverty reduction efforts. Debt reduction under the Tropical Forest Conservation Act allows for reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests.

Explanation of FY 2005 Current Estimate

The FY 2005 appropriation for Treasury's International Assistance Programs is \$1,337,247,000:

- \$1,219,199,000 for International Financial Institutions
- \$18,848,000 for International Affairs Technical Assistance
- \$99,200,000 for Debt Restructuring

FY 2006 Budget Highlights

(Dollars in Thousands)

Appropriation	International Financial Institutions	Technical Assistance	Debt Restructuring	Total
FY 2004 Enacted	\$1,477,481	\$18,888	\$94,440	\$1,590,809
FY 2005 Consolidated Appropriations (H.R. 4818)	\$1,229,031	\$19,000	\$100,000	\$1,348,031
Rescission	(\$9,832)	(\$152)	(\$800)	(\$10,784)
FY 2005 Current Estimates	\$1,219,199	\$18,848	\$99,200	\$1,337,247
International Financial Institutions	\$116,130			\$116,130
Treasury Technical Assistance		\$1,152		\$1,152
Debt Restructuring			\$550	\$550
FY 2006 President's Budget	\$1,335,329	\$20,000	\$99,750	\$1,455,079

Explanation of FY 2006 Programs

International Financial Institutions (\$1,335,329,000)

The FY 2006 request includes the initial scheduled commitment to three new replenishments: the fourteenth replenishment of the International Development Association (IDA-14); the tenth replenishment of the African Development Fund (AfDF-10); and the eighth replenishment of the Asian Development Fund (AsDF-9).

International Development Association (IDA) U.S. leadership in the IDA-14 replenishment negotiations achieved a number of key reforms, most notably a significant increase in grant financing. The share of new funding disbursed to the poorest countries through grants, rather than loans, will increase from about 25% to approximately 45%. Agreement was also reached on an expanded results measurement system and progress toward greater transparency.

African Development Fund (AfDF) In the AfDF-10 replenishment negotiations, the U.S. was also successful in attaining a substantial increase in grant financing to the poorest countries, from a level of about 20% to approximately 45%. The replenishment also achieved greater selectivity and effectiveness of operations, enhanced transparency and anti-corruption measures, and greater support to post-conflict countries.

Asian Development Fund (AsDF) The AsDF-9 replenishment negotiations established, for the first time in the AsDF, a grant window where approximately 30% of assistance to the poorest countries will be in the form of grants. Agreement was also reached to increase the weight given to good governance and strong policy performance in the system used to allocate AsDF resources to countries, to provide a significant increase in resources for anti-corruption activities, and to establish a results management unit to oversee

the implementation of a new results measurement strategy throughout the institution.

International Affairs Technical Assistance (\$20,000,000) Financial advisors are provided to countries seeking assistance in implementing significant economic reforms, especially during critical periods of

transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional areas of budget, taxation, government debt, financial institutions, and financial crimes law enforcement. In FY 2006, it is estimated that \$8.5 million of the request will be used by International Affairs Technical Assistance to fund resident and short-term advisor projects to countries combating terrorist finance activity. A large portion of the request will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving bilateral Heavily Indebted Poor Countries (HIPC) debt relief, and other areas of emphasis.

Debt Restructuring (\$99,750,000) The FY 2006 request is \$99.75 million for HIPC and poorest country debt reduction, contribution to the HIPC Trust Fund, and Tropical Forest Conservation Act (TFCA) debt reduction programs. For the poorest countries, debt reduction provides an incentive to implement macro-economic and structural reforms necessary for economic growth and also frees up resources for poverty reduction efforts. The request would provide funding for the cost of bilateral HIPC and poorest country debt reduction and for additional contributions to the HIPC Trust Fund, which is administered by the World Bank and helps regional development banks and other multilateral institutions to meet their costs of debt relief. The TFCA received strong bipartisan support and was signed into law in 1998. It allows for the reduction of U.S. concessional debt and redirection of payments in local currency in eligible countries to support programs to conserve tropical forests.

Proposed Legislative Changes

None requested.